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TAGS: [PGOV](#) [PREL](#) [KDEM](#) [UNMIK](#) [YI](#) [PREF](#)  
SUBJECT: KOSOVO: FINAL THREE PERCENT OF MARCH 2004  
RECONSTRUCTION HARD TO NAIL DOWN

REF: 04 PRISTINA 0524

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#### Summary -----

¶1. (SBU) Most reconstruction of homes damaged in the March 2004 violence has long since been completed, albeit with some complaints about the quality of construction and frictions about the terms of reconstruction of outbuildings. Most of what has not been rebuilt is in the historic center of Prizren, where construction has been hampered by the need to draft a special urban plan due to the area's designation as a historic site and the unique architecture of the area. When some of these obstacles were finally overcome recently, it was discovered that additional funding was needed. Unlike the substantial majority of the 97 percent of houses already reconstructed, for which returnees have not materialized, approximately 36 families have expressed an interest in returning to Podkalaja, which would represent a proportionately large bump for this disappointing year. The project could be put on track to get returnees back in their homes if the PISG can identify funding and if coordination among the PISG, UNMIK, and international NGOs involved in the reconstruction improves. End summary.

#### Background -----

¶2. (SBU) Podkalaja, an historic and architecturally picturesque section of old Prizren town, was damaged in 1999 and more severely in the March 2004 riots. Fifty-seven houses were destroyed (a larger figure than that given in refelt, arrived at after UNMIK had more fully assessed the damage and including houses that had been previously damaged in 1999 and whose occupants had been displaced since then), and the area's remaining Serb population was displaced to other parts of Kosovo or to Serbia. A Kosovo government reconstruction program to rebuild the 934 houses throughout Kosovo damaged in 2004 has completed rebuilding all affected homes with the exception of an estimated 26 houses in

northern Kosovo to which Kosovo government reconstruction officials could not gain access, three in Fushe Kosove/Kosovo Polje whose Serb owners refused the Kosovo government's offer to rebuild, and the 57 houses of Podkalaja. The Podkalaja area was not included in the broader rebuilding program because the area's designation as a historic site prompted Kosovar and international officials involved to opt for the creation of an overall urban plan to reconstruct the district based on its historic architectural character rather than the easier and faster house-by-house approach adopted elsewhere.

13. (SBU) International Catholic Migration Commission (ICMC) personnel told USOP that as many as 36 of the 78 Serb families who lived in Podkalaja before 1999 have expressed an interest in returning. The 3 million euros UNMIK estimates would be necessary to reconstruct the area has not been allocated, and the lack of funding is exacerbating the lack of detailed planning since organizations involved in planning the return are reluctant to come up with detailed plans--or, especially, to raise hopes of return among displaced Serbs--in the absence of funds. The ICMC officials contend that even with an immediate allocation of funds, the project is at such an early stage of planning that reconstruction is unlikely to be completed this year. UNMIK returns officials in Prizren were somewhat more optimistic, and predicted that if the money were committed by the end of June some returns might be possible by the end of the year.

#### Bureaucratic Confusion Contributes to Difficulty

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14. (SBU) The lack of funding for the Podkalaja return project stems in large part from confusion among several parts of the Kosovo government, UNMIK, and returns implementing organizations regarding which of several funds was supposed to supply the money. UNMIK Regional Returns

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Coordinator for Prizren Tim Hudner and colleagues told poloff that the Kosovo government had nearly exhausted the 11 million euro fund it had established for reconstructing the March 2004 damage and that the approximately 3 million euros needed to rebuild Podkalaja had not been allocated. Prime Minister Agim Ceku's advisor Avni Arifi, the official in Ceku's office most directly involved in post-March 2004 reconstruction, acknowledged the fund had been reduced to 417,000 euros that will be used to pay outstanding debts for other aspects of March 2004 reconstruction, but told poloff that Podkalaja's historic site designation meant the money should instead come from a separate fund for preservation of cultural and religious sites. Deputy Culture Minister Angjelina Krasniqi, however, told poloff on May 16 that the cultural and religious preservation fund could not pay for the Podkalaja reconstruction because that money was reserved for rebuilding damaged churches. She pinned her hopes instead on a donors' conference she said the ministry is organizing for mid-June.

15. (SBU) Unclear lines of PISG responsibility for the project also have contributed to the confusion over Podkalaja. The project was originally within the scope of the commission to reconstruct the March 2004 damage, but later was subject to involvement of both the Culture Ministry and the Prime Minister's office as the latter became more involved to spur progress on overall post-March reconstruction. During meetings in mid-May with poloff, each institution seemed to be under the impression that another office had the lead on the project, and none appeared to have made a priority of cutting through the red tape of Podkalaja's historic site status and securing the necessary urban plans and funding. Krasniqi, who until recently had a major role in the project, in a May 16 meeting with poloff demonstrated particularly little interest in or commitment to rebuilding and returns in Podkalaja. Krasniqi commented that she doubted more than ten or fifteen Serb families would wish to return; she suggested building apartments to house

returnees instead of rebuilding the historic district on the grounds that the old houses had lacked infrastructure, but acknowledged that no one had consulted the prospective returnees about this option. Krasniqi predicted that because Podkalaja is a cultural heritage site, its reconstruction could take three to five years (though she acknowledged when pressed that it would be possible to rebuild houses of prospective returnees first and allow them to move in before the entire district was completed).

¶6. (SBU) Confusion among internationals involved in the project also has hindered progress. The large number of returns organizations involved has led to confusion over their respective roles and over the best way to move the project forward. UNMIK returns officials' overreliance on figures provided by a local returns organization on the number of potential returnees and their push to have a go-and-see visit before more detailed plans are made for the return also have caused consternation among some implementing partners, who are wary of raising potential returnees' expectations before funding for the project is secured.

Some Rays of Hope  
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¶7. (SBU) Two factors suggest that progress on Podkalaja reconstruction may soon improve, if funding can be identified. First is the early May appointment of former Culture Minister Behxhet Brajshori--who initially headed the commission on post-March 2004 reconstruction--to head the reconstruction effort again, a decision made by the Kosovar government due to a recognition that progress was stalled and something needed to be done. Arifi told poloff that Brajshori was appointed so that he could "see what went wrong" and reenergize the process. Another bright spot is the Prizren municipal authorities' active support of the return. UNMIK Prizren returns officials and ICMC told USOP that Prizren Mayor Eqrem Kryeziu invariably attends meetings

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related to the project or sends a knowledgeable representative. They also say that municipal returns officials have been proactive in working with UNMIK and international implementing partners in drafting the urban plan and other aspects of return and reconstruction. Municipal officials signed a memorandum of understanding in early May with Cultural Heritage Without Borders to draw on the latter's expertise in technical aspects of town planning and architectural design.

¶8. (SBU) Even if funding can be identified quickly, however, either by the PISG or from other sources, it is unclear how quickly reconstruction and returns would begin. Hudner and other returns officials indicated that reconstruction could begin quickly on some houses based on plans used for the reconstruction of several Podkalaja houses after 1999 if funding is committed by the end of June, and optimistically predicted that some returns could then occur by winter. ICMC, however, pointed out significant disorganization among the internationals involved in the process and noted that more work would need to be done both to determine the real level of interest among returnees and to resolve outstanding property issues.

Comment  
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¶9. (SBU) The Podkalaja return project has been the weak spot in the government's otherwise completed effort to repair the damage inflicted to Serb homes in the March 2004 riots. The Kosovar authorities have too often seen the complications caused by the area's historic status, and the resulting bureaucratic ambiguity, as an excuse for inaction rather than a challenge to be overcome. If funding can be quickly identified, the good cooperation of the Prizren municipal authorities and ongoing efforts by UNMIK and implementing

partner NGOs could help get the reconstruction and return process on track. However, expecting returns to occur this year is probably overly optimistic.

110. (SBU) USOP clears this cable in its entirety for release to UN Special Envoy Ahtisaari.  
GOLDBERG